

21 APR 1981

MEMORANDUM FOR NATIONAL FOREIGN INTELLIGENCE BOARD

SUBJECT: Policy Concerning Control of Sensitive Compartmented Information (SCI) Released to Contractors or Consultants and to Companies Under Foreign Ownership/Dominance

1. This memorandum establishes policy for releasing SCI to contractors or consultants which may be subject to foreign ownership, control or influence.

Contractor companies under foreign ownership, control or influence will generally be ineligible for access to SCI activities and information. Foreign ownership, control or influence in this instance means that foreign interests own five percent or more of a contractor's voting stock, or they are able through lesser holdings to control or influence the appointment and tenure of the contractor's managing officials. The responsible SIO may waive this provision, however, if a review of the circumstances determines that the following conditions apply: the foreign ownership, control or influence does not involve Communist countries or countries otherwise inimical to the United States, and the foreign interests do not have the right to control or influence the appointment or tenure of a contractor's managing officials. Before a waiver is granted, provision must be made to ensure that security safeguards exist to prevent disclosure of SCI-controlled information to any non-U.S. owners and managing officials. Should foreign ownership increase beyond five percent during the course of a contract, a review of the contractor's eligibility for continued access will be made by the responsible SIO.

2. This policy shall be incorporated as written into ECID 1/19 when it is revised.

/s/ B. R. Inman

B. R. INMAN
Admiral, U. S. Navy
Acting Chairman